DEPARTMENT OF ENVIRONMENT

FOREST FIRE CONTINGENCY FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2004

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Forest Fire Contingency Fund as at March 31, 2004 and the statement of operations and changes in net financial assets for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2004 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

These financial statements include comparative figures on which I expressed a reservation last year. In 2002, the Fund received a transfer of $40 million from the General Revenue Fund to pay for certain escaped fire fighting expenses and recorded this transfer as revenue in 2002. However, transfers should be recorded as revenue when the related eligible expenses are incurred. Any transfers received in advance should be recorded as deferred revenue. Had the Fund properly recorded the transfer, the revenue from the General Revenue Fund for the year ended March 31, 2003 would have been increased by $33,994,798 and the excess of expenses over revenues for the year would have been decreased by $33,994,798. Also, the net financial assets at March 31, 2002 would have decreased by $33,994,798.

Regina, Saskatchewan
April 6, 2004

Fred Wendel, CMA, CA
Provincial Auditor

FOREST FIRE CONTINGENCY FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2004	2003
ASSETS		
Assets:		
Due from General Revenue Fund (Notes 3 and 4)	$ -	$ -
	$ -	$ -
LIABILITIES AND NET FINANCIAL ASSETS		
Net financial assets (Statement 2)	$ -	$ -
	$ -	$ -

(See accompanying notes to the financial statements)

FOREST FIRE CONTINGENCY FUND
STATEMENT OF OPERATIONS AND CHANGES IN NET FINANCIAL ASSETS
For the Year Ended March 31

	2004 Actual (Note 1)	2003 Actual
Revenues:		
General Revenue Fund transfer	$ -	$ -
	-	-
Expenses:		
Aircraft Rental	-	10,206,087
Wages and Benefits	-	9,760,611
Equipment Rental	-	6,133,391
Materials and Supplies	-	3,880,671
Other Contractual Services	-	2,091,716
Aviation Fuel	-	1,528,770
Travel and Sustenance	-	389,915
Miscellaneous	-	3,637
	-	33,994,798
Excess of (expenses over revenues) revenues over expenses	-	(33,994,798)
Net financial assets, beginning of year	-	33,994,798
Net financial assets, end of year - to Statement 1	$ -	$ -

(See accompanying notes to the financial statements)

FOREST FIRE CONTINGENCY FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2004

1. Purpose of the Fund

Section 8.1 of *The Prairie and Forest Fires Act, 1982* established The Forest Fire Contingency Fund (Fund) effective April 1, 2001. The Fund was established for the purpose of financing the expenses related to fighting wildfires in excess of 100 hectares in area. The Department of Environment administers the Fund. The Department may charge the Fund all costs of fighting escaped fires including the costs that were incurred before the fire escaped to the extent there are monies retained within the Fund.

Since April 1, 2003, the Fund has not received any monies from the General Revenue Fund nor has it incurred any expenditures during the year ended March 31, 2004 relating to wildfires in excess of 100 hectares.

2. Significant Accounting Policies

The financial statements are prepared using Canadian generally accepted accounting principles. The following accounting policy is considered significant:

Revenue

Revenue is recognized when grant amounts are transferred from the General Revenue Fund and eligibility criteria have been met.

3. Due From General Revenue Fund

The Fund has no monies. In prior year, the Fund's money was on deposit with the General Revenue Fund (GRF). The Fund did not receive any interest from money on deposit with the GRF.

4. Financial Instruments

The fair value of the Fund's financial instrument, Due from General Revenue Fund, approximates its carrying value due to the immediate and short-term nature of this financial instrument.

5. Related Party Transactions

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at agreed upon rates and are settled on normal trade terms. These transactions, for the year, are as follows:

Expenses:	2004	2003
Other Contractual Services	$ -	$ 208,546
Travel and Sustenance	-	135,015
Materials and Supplies	-	22,758
Equipment Rental	-	1,287
Aviation Fuel	-	242
	$ -	$ 367,848

The Fund pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes.

In accordance with established government policy, the Fund has not been charged with certain costs including occupancy, financing, and certain administrative costs. These costs have been absorbed by various departmental appropriations and, therefore, no provision for such costs is reflected in these financial statements.

6. Cash Flow Statement

A cash flow statement has not been provided since cash flow information is readily apparent from these financial statements.